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TECHNICAL NOTE ON THE RELATIONSHIP BETWEEN MARKET RESEARCH AND IMPACT ASSESSMENT IN MICROFINANCE

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EXECUTIVE SUMMARY

As the world of microfinance becomes increasingly competitive and greater emphasis is placed on financial sustainability, microfinance organizations are attempting to develop new products and services to better meet their clients' needs, enhance client satisfaction, improve client retention, and attract new clients. Client-level impact assessments represent a valuable source of data that microfinance organizations can utilize for market research associated with new product development.

This technical note focuses on the linkages between market research and client-level impact assessment, linkages which arise because both focus on understanding client behavior and client interaction with financial services. The note explores the characteristics of impact assessments that make them useful for market research. Next, it outlines a market research collaboration between USAID's Assessing the Impacts of Microenterprise Services (AIMS) Project and Mibanco, a Peruvian microfinance organization.

Client-level impact assessments of microenterprise programs have both an accountability and a management role. In their traditional accountability role, impact assessments evaluate the changes that occur in the lives of clients, their households, and their enterprises. As microenterprise markets become more competitive, the potential management role of impact assessments is becoming increasingly important. The AIMS project has sought to link these two roles.

New product development can contribute to long-term sustainability by meeting the changing needs of both current and potential clients. Effective market research for new product development is based on an understanding of the behavior and needs of current and potential consumers of products and services. Thus, impact assessment and market research share a fundamental objective; they both seek a better understanding of household behavior. They differ, however, in that impact assessments trace the effects of program inputs on households while market research seeks to identify needs, tastes, and general behavioral characteristics. The challenge lies in identifying and exploiting areas of overlap between market research and impact assessment.

This overlap is increased when impact assessments are based on the household as a key unit of analysis. By focusing on the household, rather than only on a single microenterprise, impact assessments can generate data which provide a comprehensive portrait of household resources, activities, and flows. Such data are more likely to contain useful information about client characteristics, use of products and services, and evolving needs. The resulting demographic, geographic, and behavioral data can be used both for market segmentation and for identifying behavioral characteristics relevant to new product development.

The collaboration between the AIMS Project and Mibanco illustrates the usefulness of impact assessment data in market research. Since 1996, Mibanco had collaborated with the AIMS Project in a longitudinal evaluation of the impacts of program credit on households, microenterprises, and clients. In 1998, Mibanco gained formal bank status and began considering the market potential for a savings product. Recognizing the value of the impact assessment data for market research, Mibanco asked the AIMS Project to conduct a special analysis of the baseline data to provide information on savings behavior and to recommend areas for further research.

Five steps were followed in order to use the existing impact assessment data set to identify potential market opportunities for new savings products: 1) identification of objectives; 2) selection of market segmentation variables; 3) selection of behavioral variables; 4) analysis of data; and 5) interpretation of findings.

The primary objective was to gain an understanding of savings-related household behavior. The data were analyzed according to six market segmentation variables: client status, gender, enterprise sector, enterprise location, poverty level, and percentage of income derived from wages and salaries. All available data dealing specifically with savings behavior were included in the analysis, as were additional variables on income levels, sources of income, expenditures, and coping strategies. These additional variables were included to better understand the availability of surplus income for savings and investment and to shed light on the dynamics of financial management behavior.

The principal procedure for analyzing the data was to cross tabulate the behavioral variables according to each of the market segments and to test for statistical differences. In addition, econometric estimation was used to better understand the factors influencing savings and investment behavior. The third procedure was to conduct a qualitative analysis of case study data.

The results led to four main implications. First, over half of microentrepreneurs surveyed keep at least one form of savings, indicating a potential demand for savings services. Second, specific features of attributes such as liquidity and security were shown to be important, having clear implications for product design. Third, the data showed that males and females save differently, highlighting the importance of market segmentation by gender in identifying differing needs when considering new products. Finally, the data indicated that savings is used to finance large expenditures such as housing improvement, signaling a potential demand for savings products targeting specific purposes.

The collaboration between AIMS and Mibanco demonstrates that data collected for impact assessments can also be useful in preliminary market research for new product development. Client-level data collected for an impact assessment can provide relevant information about client savings, expenditure, and investment behavior. Analysis and interpretation of the data can lead to important insights into the potential demand for new products and help to identify needs for further market research.

When the design of an impact assessment includes the household as a key unit of analysis, there are more likely to be significant areas of overlap with market research objectives. Since the impact assessment activities of the AIMS Project are based on the household economic portfolio model, the resulting data provide a comprehensive portrait of household resources, activities, and flows. Savings are a component of the household economic portfolio, and the extraction of variables related to savings was a relatively simple process. The facilitating role of the household economic portfolio model is important to recognize, primarily because of its flexibility. Just as it was possible to identify savings-related variables for this particular market research activity, information could also be extracted for preliminary market research related to other financial products.

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As the world of microfinance becomes increasingly competitive and greater emphasis is placed on financial sustainability, many microfinance organizations are turning their attention to the development of new products and services to better meet their clients' needs. Better products and services can enhance client satisfaction, leading to improved client retention and the ability to attract new clients, both of which are considered important steps for financial sustainability. Client-level impact assessments represent a potentially valuable but untapped source of data that microfinance organizations can turn to as they undertake the market research associated with new product development.

This technical note focuses on the linkages between market research and client-level impact assessment, linkages which arise because both are concerned with understanding client behavior and how clients interact with financial services. In this first section, the relationship between market research and impact assessment is explored on a conceptual level, with an emphasis on the characteristics of impact assessment that make it useful as market research. The second section provides the example of a collaboration between the AIMS Project[1] and Mibanco, a Peruvian microfinance organization. The collaboration is described in terms of the series of steps that were followed to draw on impact assessment data in the preparation of a market research report for the development of new savings products.[2]

A. The Dual Roles of Impact Assessment

Client-level impact assessments of microenterprise programs have both an accountability and a management role. In their traditional accountability role, impact assessments seek to evaluate program performance and the changes that occur in the lives of clients, their households, and their enterprises. As microenterprise programs multiply and markets become more competitive, the management role of impact assessments is becoming increasingly important. There is a growing recognition that the information on client behavior and client-program interactions provided by impact assessments can be used to improve the design of products and services. The experience of the AIMS Project in Honduras (Edgcomb and Garber 1998) and Mali (MkNelly and Lippold 1998) has demonstrated that program managers who participate in impact assessments can immediately identify ways to improve their organizations' products and services.

In the past, not enough attention has been paid to the potential management role of impact

[1] The AIMS Project is a technical resource of USAID's Office of Microenterprise Development. The goals of the AIMS Project are to gain a better understanding of the processes by which microenterprise services strengthen businesses and improve the welfare of microentrepreneurs and their households and to improve the ability of USAID and its partners to assess the impacts of their microenterprise programs. The AIMS study in Peru is one of three impact evaluations under the AIMS Project Core Impact Assessments; the other two studies are in India and Zimbabwe. Additional information on the AIMS project, as well as copies of the AIMS publications, are available on the web site (http://www.mip.org).

[2] Distribution of the market research report, entitled *Savings and Investment Behavior of Lima Microentrepreneurs* (Dunn et al. 1999), has been restricted to protect Mibanco's business interests.

assessments. Program evaluation has often treated institutional performance assessment and impact assessment as separate activities. The former has been concerned primarily with program performance while the latter has focused on client-level impacts. Recognizing that program-level evaluation and client-level impact assessment can play complementary roles, the AIMS project has sought to link these two activities.

B. Market Research for New Product Development

Recent thinking in the microfinance industry recognizes that clients' needs evolve over time. New product development can play an important role in meeting changing client demand and serving the client base more effectively. In an increasingly competitive environment, meeting the changing financial needs of both current and potential clients through new products and new product features can expand outreach, increase retention rates, and contribute to long-term sustainability.

At a fundamental level, effective market research is based on an understanding of the behavior and needs of current and potential consumers of products and services. Thus, the market research process consists of several steps which seek to provide insights into client needs, tastes, and behavior, all of which can facilitate the design of products appropriate for target clientele (Brand 1998a; Brand 1998b; Wright n.d.; Urban et al. 1987; Thomas 1993; Kotler 1980; Urban and Hauser 1980). Market segmentation and the analysis of secondary data are two of the components in the market research process. Impact assessments can provide useful information for both of these components.

Markets are typically segmented based on common demographic and geographic characteristics in order to identify demand niches for new products. Demographic characteristics are used as they are often "easily measurable and are strong predictors of consumer preferences and usage rates" (Brand 1998b, 10). Populations are divided by shared characteristics such as age, gender, income level, marital status, family size, occupation, and level of education. Geographic segmentation is also commonly employed, differentiating groups, for example, according to whether they live in rural or urban areas, or according to the locations of their businesses.

Another key step in the market research process is to compile and utilize secondary, or existing, data. While primary data are collected specifically for targeted market research, secondary data can come from many sources: internal databases, product information, company documents (e.g. client files), credit officer knowledge, inventory of competitors' products, results of periodic market research, public information (e.g. census data), microfinance networks, or other sources (Brand 1998b). Such data, when used in tandem with market segmentation analysis, can be useful in projecting demand for potential products or estimating market size.

Client-level impact assessments offer potentially valuable secondary data for market research. It is also typical for an impact assessment data set to contain useful market segmentation information. When local market research firms lack existing market profiles for microentrepreneurs, the value of an impact assessment data set as secondary data for market research becomes even more apparent.

C. Linkages Between Market Research and Impact Assessment

Market research, particularly that related to new product development, seems a natural area in which

impact assessment can make key contributions to program improvement. Impact assessments can shed light on the changing needs of existing clients, potential demand for new products, and the appropriateness of delivery systems. Data generated for impact assessments represent an example of secondary data that can be used for market research purposes. Impact assessments generally collect data on demographic, geographic, and behavioral characteristics of households and/or businesses. Thus, they contain data useful both for segmenting markets and for analyzing behavioral tendencies.

Impact assessments can contribute to a better understanding of the market served by microfinance organizations by providing information that is relevant in answering questions such as the following:

- Who are your clients? What are their characteristics and their needs?
- How do your clients use your products and services?
- What is the significance and value of your products and services to your clients? In other words, why do they want your products and services and how do they benefit from them?
- Why do some clients stop using your products and services? Alternatively, why don't more potential clients demand your products and services?
- What alternative kinds of products and services do your clients and potential clients want?

The most useful type of impact assessment data set for market research purposes is a data set that focuses on the household as a significant unit of analysis. Among microentrepreneurs, it is often at the household level that financial management takes place and that financial products are evaluated. Trade-offs are made between current and potential economic activities at the household level, trade-offs that are based on the resources available to pursue those activities. By broadening the lens of the analysis beyond a single microenterprise, the resulting impact assessment data are more likely to contain useful information about clients' characteristics, their use of microfinance products and services, and their evolving needs. The impact assessments of the AIMS Project are based on a conceptual model of the household economic portfolio.[3] Because of this conceptual approach, the resulting baseline data set in Peru was useful both for market segmentation and for identifying behavioral characteristics relevant to new product development.

D. The AIMS/Mibanco Collaboration

Mibanco is the first private bank to specialize in meeting the needs of Peru's microenterprise sector. It was established as a bank in 1998 and authorized to offer to the public the full range of credit and

[3]In the conceptual model of the household economic portfolio, the household is defined in terms of three components: 1) the human, physical, and financial *resources* of the household; 2) the production, consumption, and investment *activities* of the household; and 3) the circular *flows* between resources and activities. These circular flows include both the decisions that allocate resources to activities and the return flow of income generated by the selected activities. This return flow of income serves to augment the set of household resources. Within the household economic portfolio, household members implement economic strategies by selecting the set of activities that best matches household members' objectives and constraints (Chen and Dunn 1996).

savings services allowed by law (*Ley General del Sistema Financiero*).[4] At the time of the AIMS/Mibanco collaboration, Mibanco offered only microenterprise credit, and it was considering the market potential for a savings product aimed at microentrepreneurs. For this reason, Mibanco was seeking to gain a deeper understanding of the savings needs of this population.

Since 1996, Mibanco has collaborated with the AIMS Project in a longitudinal evaluation of the impacts of program credit on the household, the microenterprise, and the client. The AIMS impact assessment follows a mixed method approach, which includes the collection of survey data in 1997 and 1999 and the collection of case study data in 1998 and 1999. Seven hundred households were included in the 1997 baseline survey, including the households of 400 program clients and 300 non-client entrepreneurs (Dunn 1999). For the baseline case studies, in-depth interviews were conducted with eleven client households in 1998.

Mibanco recognized the potential value of the impact assessment data in helping to meet its market research needs. For this reason, Mibanco asked the AIMS Project to conduct a special analysis of the baseline data focusing on information about the demand for savings products among Lima's microentrepreneurs. The objective of the special analysis was to provide preliminary information on microentrepreneurs' savings and investment behavior and to recommend specific areas for more in-depth market research. The next section describes the steps that were followed in using the baseline impact assessment data for this preliminary market research.

II. USING IMPACT ASSESSMENT DATA FOR MARKET RESEARCH: THE AIMS/MIBANCO EXAMPLE

The collaboration between AIMS and Mibanco provides one example of how impact assessment data can be used in market research. This section describes the five steps that were followed in order to use an existing impact assessment data set to identify potential market opportunities for new savings products. The five steps were 1) identify objectives; 2) select market segmentation variables; 3) select behavioral variables; 4) analyze data; and 5) interpret findings. The result of following these steps was a market research report for Mibanco's use.

A. Step One: Identify Objectives

Once Mibanco had identified a specific interest in developing a savings product, the first step was to establish objectives for the market research. The primary objective was to gain an understanding of savings-related household behavior: what types of savings are held, what are some primary uses of savings, what are respondents' attitudes toward bank-based savings, and so on. A secondary objective was to identify and analyze other variables that, although not directly related to savings, could nevertheless have an impact on savings behavior. These related variables included income levels and expenditure patterns.

[4] Prior to 1998, the lending program that became Mibanco had been operated by Accion Comunitaria of Peru (ACP), a Peruvian non-governmental organization. The ACP lending program began in 1982 and at the time the data for the AIMS impact assessment were collected, ACP had approximately 30,000 clients in metropolitan Lima, with US$12.9 million in outstanding loans. When Mibanco was established, it assumed ACP's entire loan portfolio.

To initiate the process, Mibanco personnel were provided with the written baseline report and an oral presentation highlighting some of the more relevant findings. After the Mibanco personnel reviewed the impact assessment baseline findings (Dunn 1999), AIMS personnel worked with Mibanco personnel to identify variables in the existing impact assessment data set that would provide useful market information for the new product development process. This interaction culminated in a written plan for the market research report.

B. Step Two: Select Market Segmentation Variables

Market segmentation is an important step in many market research activities. As discussed earlier, the segmentation of markets using demographic, geographic, or other criteria can help to uncover behavioral differences associated with specific groups. Understanding behavioral differences across specific groups is a first step in developing new products that are correctly targeted toward those market segments.

For the Mibanco activity, the data were analyzed according to six market segmentation variables. The variables selected for the market segmentation were the following:

- Client status: client (i.e. current borrower) or non-client of Mibanco;
- Gender: male or female;
- Enterprise sector: commercial, service, or industrial;
- Enterprise location: popular, modern, or marginal zone of metropolitan Lima;
- Poverty level[5] of household: above or below Peru's official poverty line; and
- Percentage of income derived from wages and salaries: less than 50 percent of total household income from wages and salaries or more than 50 percent from wages and salaries.

The selection of these variables was guided by both the market research literature and prior analysis of the baseline impact assessment data. The prior analysis of the baseline data had suggested a number of behavioral differences between certain segments of the sample population.

C. Step Three: Select Behavioral Variables

The baseline data set provided a range of variables potentially related to savings behavior. First, there were the obvious variables directly related to savings. All of the information in the baseline data set specifically dealing with savings was included in the analysis. Among the savings-specific variables were the number and types of savings accounts reported by respondents, with savings at home, rotating savings and credit association (ROSCA) savings, and bank-based savings being some of the more common types of savings. In addition, the survey included information on whether savings were held individually or jointly. There was also information available on the uses of savings, such as to finance housing improvements or to cope with financial crises.

[5] Poverty levels were calculated in terms of per capita household expenditures in a manner consistent with the method used in the living standard measurement survey (LSMS), which establishes Peru's official poverty line. Households with per capita incomes below the official poverty line were designated as "poor", while households with per capita incomes above the official poverty line were designated as "non-poor."

The behavioral variables selected for the market research study are listed and briefly defined in the appendix. Because the design of the impact assessment was based on the household economic portfolio framework, which emphasizes the integrated nature of household resources and activities, the baseline data include a range of variables that contribute to a more comprehensive understanding of the overall financial management behavior of the household, including income levels, household expenditure patterns, and investment behavior. Several of these variables were included in the market research as a way to better understand the savings needs and savings potential of different market segments.

Different types of behavioral variables were selected for different purposes. One important purpose was to better understand the availability of surplus income for savings and investment. Variables included for this purpose were household income levels, sources of income, and expenditures on food, education, housing improvements, consumer durables, and enterprise fixed assets. Some of the expenditure variables, such as expenditures on education and housing, were also analyzed to provide preliminary information on the potential demand and desirable attributes for savings products targeted toward specific uses. Other variables, such as strategies for coping with financial crises and decision making patterns within the household, were selected to shed light on the dynamics of household financial management behavior.

D. Step Four: Analyze Data

Three procedures were followed in the analysis of the data. The first, or standard, procedure was to cross tabulate the behavioral variables according to each of the market segments and test for statistical differences. A second procedure, followed for only a limited number of the behavioral variables, was to use econometric estimation to better understand the factors influencing savings and investment behavior. The third procedure was to conduct a qualitative analysis of the case study data. Each of these procedures are described in more detail below.

The standard procedure was to cross tabulate the means of each of the behavioral variables according to the categories provided by each of the market segmentation variables. The differences between the cross-tabulated means were then tested for statistical significance.[6] Any means that were statistically different at a 95 percent or higher level of confidence were reported and interpreted by market segment. When no statistical differences between market segments were found, the overall mean for the behavioral variable was reported and interpreted. An additional, auxiliary analysis included the econometric estimation of two equations.[7]

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[6] The tests for the statistical significance of differences between means consisted of t-tests, ANOVA tests, and chi-square tests performed using the SPSS software.

[7] First, to measure how strongly the segmentation variables predict a household's propensity to save, a logit model was estimated. The dependent variable for the logit model was the incidence of saving, and the independent variables consisted of the six segmentation variables. A second regression model was estimated to better understand the factors that affect investments in housing improvements. Housing improvements represent a significant percentage of household expenditures among Lima microentrepreneurs and savings were often used for this purpose. In this linear regression model, the dependent variable was the total value of housing improvements and the independent variables were the six segmentation variables. In addition, tenure status (i.e whether or not they owned the house) was included with the independent variables.

Qualitative data were also included in the analysis. In-depth interviews were conducted with 11 current Mibanco credit clients as part of the baseline impact assessment. Using the transcripts of those interviews, all material related to savings was coded and analyzed to further shed light on savings behavior. This data proved highly useful in identifying both attitudes toward saving and the attributes of savings mechanisms that are attractive to microentrepreneurs.

E. Step Five: Interpret Findings

This activity was undertaken as preliminary market research. As such, its purpose was to provide implications and recommendations for more focused market research activities. Analysis of the quantitative data uncovered a range of significant differences between market segments and shed light on some of the factors influencing these differences. Interpretation of these results, as well as the findings from the qualitative analysis, led to four main implications relating to new savings products. In addition to the discussion of these implications, the report contained specific recommendations for more focused market research.

Implication 1: Microentrepreneurs in Lima are savers. Supporting this conclusion were data revealing that over half of microentrepreneurs reported at least one form of savings. The high incidence of savings reported by entrepreneurs in the sample can be extrapolated to conclude that nearly half of Lima's microentrepreneurs save in one form or another. These findings indicate a strong potential demand for a savings product marketed toward microentrepreneurs.

In addition, market segmentation showed that non-poor clients of Mibanco are most likely to save and, among entrepreneurs with similar income levels and client status, those with enterprises located in Lima's marginal zones are most likely to report savings. Given that most of Mibanco's clients are classified as non-poor and many have businesses located in marginal zones, the analysis pointed to important market niches for savings products.

Implication 2: Key attributes of savings are liquidity, security, ease of transaction, and return. While it is universally true that the attributes of savings products are important to savers, the analysis revealed specific information about attributes preferred by Lima's entrepreneurs. The high incidence of cash savings at home, the most common type of savings, implies the importance of *liquidity* and the potential demand for a highly liquid savings product. Given that microenterprise income tends to vary over time, households may view liquid savings as an important buffer to use during periods of low revenues, especially for coping with sudden crises or unusual expenditures.

Security also emerged as an attribute of importance to current and potential savers. The Mibanco clients participating in the in-depth interviews expressed mistrust of bank-based savings. Several informants had lost savings with insolvent banks, leading them to abandon bank-based savings in favor of cash savings or investment in inventory. The predominance of both cash savings and ROSCAs might also signify that households value *ease of transaction*. As opposed to bank savings, the use of which may involve significant costs in terms of transportation or time, neither cash nor ROSCA savings normally entail high transaction costs.

Finally, *return* was cited as important to the savings decision. The analysis revealed that microentrepreneurs implicitly compare the return on savings to the return that they could earn by

investing in inventory. This may be an important factor in determining the demand for savings, particularly in the commercial sector, where entrepreneurs generate income from mark-ups on inventory. If rates of return for a given savings product do not compare favorably to potential returns on investment in inventory, entrepreneurs might view savings as "idle capital" rather than as a valuable service.

Implication 3: Men and women save differently. While males report a higher incidence of overall and cash savings, significantly more females save through ROSCAs. This may be interpreted as an indication that males and females have different savings needs or value different attributes in savings. In addition, the difference might be attributed to unequal power within the household which lead females to feel that they do not exercise sufficient control over savings kept at home or in a bank. It might also reflect gender differences in the ability to form mutual trust relationships.

Implication 4: Entrepreneurs have different savings accounts for different purposes. For example, housing improvements are common among microentrepreneurs in Lima, who report using savings to finance more than one quarter of all housing improvements. They also "save" through the slow accumulation of materials for future housing improvements. These findings imply a potential demand for a savings product targeted toward accumulation of funds for housing improvements. Similarly, households invest heavily in education expenditures. These expenditures occur on a periodic basis and create a predictable draw down on the household's financial resources.

Summary. Each of the above implications are relevant to the design of new products. That over half of microentrepreneurs surveyed keep at least one form of savings is clearly indicative of a demand for savings services among Lima's microentrepreneurs. The types of attributes of savings products that are important to current and potential savers has clear implications in terms of product design. Obviously, products should provide an appropriate mix of the four attributes in order to attract clients. Knowing why clients value certain attributes can also contribute to more effective marketing of new savings products.

The third implication, that males and females save differently, highlights the importance of market segmentation in new product development. The differing needs of different segments must certainly be taken into account when considering new products. Finally, that microentrepreneurs employ savings as a financing mechanism for large expenditures such as housing improvement points to the potential demand for savings products that target specific purposes.

III. CONCLUSION

The AIMS/Mibanco collaboration demonstrates that data collected for impact assessment can also be useful in preliminary market research for new product development. Client-level data collected for an impact assessment can provide relevant information about client borrowing, saving, expenditure, and investment behavior. Analysis and interpretation of the data can lead to important insights into the potential demand for new products and help to identify needs for further, more focused market research activities.

In assessing the potential usefulness of an impact assessment data set for market research activities, it is important to consider the nature of the data available for analysis. At a fundamental level, both impact assessment and market research have the same objective; they are both concerned with developing an understanding of household behavior. They differ, however, in that impact assessments seek to trace the effects of program inputs on households while market research seeks to identify needs, tastes, and general behavioral characteristics. Thus, the challenge lies in identifying and exploiting areas where the data overlap.

When the design of an impact assessment includes the household as a key unit of analysis, there are more likely to be significant areas of overlap with market research objectives. Since the impact assessment activities of the AIMS Project are based on the household economic portfolio model, the resulting data provide a comprehensive portrait of household resources, activities, and flows. Savings are a component of the household economic portfolio, and the extraction of variables related to savings became a relatively simple process. The facilitating role of the household economic portfolio model is important to recognize, primarily because of its flexibility. Just as it was possible to identify savings-related variables for this particular market research activity, information could also be extracted for preliminary market research related to other financial products, such as credit or insurance.

Apart from the lessons learned about the relationship between market research and impact assessment, the experience of conducting preliminary market research for a microfinance organization led to some additional insights. The critical role of market segmentation was very clear. In the absence of an existing impact assessment data set, an important first step in any market research activity would be to find or create information that could be used to segment the potential market for new products or services. Gender, location, and poverty level appear to be particularly influential. And even though some understanding of the borrowing, saving, and investment behavior of microfinance clients has already been developed, caution should be exercised in making too many assumptions. Much careful market research is still needed in the development of new products to effectively meet the needs of this population.

APPENDIX: DESCRIPTION OF VARIABLES

ANNINC	Annual Household Income
BANK	Savings in Bank Account
CASH	Savings as Cash at Home
COPELOAN	Use of Loan as Crisis Coping Strategy
COPESAV	Use of Savings as Crisis Coping Strategy
CRISIS	Incidence of Significant Crises
DRBLDBT	Debt Owed on Consumer Durables
DRBLEXP	Expenditures on Consumer Durables
EDUEXP	Annual Educational Expenditures
EFADBT	Debt on Enterprise Fixed Assets Purchased in Last 2 Years
EFAEXP	Expenditures on Enterprise Fixed Assets in Last 2 Years
EFAVAL	Value of All Enterprise Fixed Assets in Household
FOODEXP	Average 2-Week Household Expenditures on Food
FOODPERC	Percentage of Annual Household Income Spent on Food
GENDER	Gender of Respondent
HHIMPVT	Expenditures on Housing Improvements in Last 12 Months
IMPVLOAN	Housing Improvements Financed by Loans
IMPVTME	Housing Improvements Financed by Microenterprise Income
IMPVTSAV	Housing Improvements Financed by Savings
LOANDECI	Decision to Apply for Loan
LOANUSE	Determination of Loan Use
LOCATION	Location of Primary Microenterprise
MEINC	Household Income from Microenterprises
MEINCDEC	Determination of Microenterprise Income Use
MONTHS	Number of Months Since First ACP Loan
MTRLEXP	Expenditures on Unused Materials for Housing Improvements
OTHERINC	Household Income from Other Sources
OWNBANK	Ownership of Bank Savings
OWNCSH	Ownership of Cash Savings
OWNROSCA	Ownership of ROSCA Savings
POVERTY	Poverty Level
ROLEME	Percentage of Household Income Derived from Microenterprises
ROLEME2	Role of Microenterprise Income
ROLEOTHE	Percentage of Household Income Derived from Other Sources
ROLEWAG2	Role of Income from Dependent Employment
ROLEWAGE	Percentage of Household Income Derived from Dependent Employment
ROSCA	Savings in ROSCA
SAVINGS	Incidence of Savings
SECTOR	Sector of Primary Microenterprise
STATUS	Client Status
TENURE	Housing Tenure
TOTIMPVT	Expenditures on Household Improvements and Unused Materials

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